

**REPORT OF CONSULTANT DAVID LEWIN ON
“THE MPP PROJECT,” COUNTY OF ORANGE, CALIFORNIA
JUNE 2002**

Introduction and Objectives

In September 2001, I was commissioned by the County of Orange, California (hereafter, County) to study and make recommendations for improving the County’s Management Performance Plan (hereafter, MPP). The MPP was implemented by the County in 2000 as a replacement for the long-used salary pool system of managerial compensation, which had become determined to be ineffective in meeting County business objectives. Based on the principle of pay-for-performance, the MPP was designed to more clearly link County managers’ pay to County managers’ performance, and thereby also more closely align the work done by County managers with the County’s business objectives.

In particular, this study was intended to:

- Strengthen performance management for County managers;
- Sharpen the focus on competency-based work performance and skill development of County managers; and
- Better align the work done by County managers with organizational business objectives, thereby helping the County to better achieve accountability, efficiency, and measurable results.

In conducting this study over several months, I worked closely with the County CEO, Dr. Michael Schumacher; Ms. Jan Walden, Assistant CEO/Office of Human Resources, and her senior staff, and the CEO’s MPP Department Head Subcommittee consisting of Mr. Bill Baker, Community Services Agency, Ms. Paula Burrier-Lund, Housing and Community Development Agency, Sheriff Michael Corona, Sheriff-Coroner Department, Mr. Carl Homes, Public Defender Department, Ms. Stephanie Lewis, Probation Department, Mr. Larry Leaman, Social Services Agency, Ms. Julie Poulson, Health Care Agency, and Mr. David Sundstrom, Auditor-Controller Department.

Summary of Recommendations

The ten specific recommendations offered to the County in this report are as follows. Detailed comments on each recommendation are found in the body of this report.

1. Reduce the number of annual performance goals set by County managers from nine (9) to three (3).
2. County managers should set annual performance goals jointly with their superiors, as was the original intent of the MPP.
3. County managers should set high-quality, key, stretch goals, in keeping with the original intent of the MPP, rather than routine, day-to-day, activity-based goals.

4. County should continue to provide *guidelines* to departments for end-of-year distribution of managers among the four performance evaluation categories, and reinforce the policy that responsibility and accountability for making such evaluations rests with Department Heads.
5. The four managerial performance evaluation rating categories should be renamed and end-of-year percentage distribution *guidelines* should be specified for each category.
6. County should publish (internally) end-of-year departmental distributions of managerial performance evaluations.
7. Place stronger emphasis on the performance expectations of managers so that managerial performance evaluation results are used relatively *more* for developmental purposes and relatively *less* for compensation purposes.
8. Establish specific annual managerial pay increase guidelines based on the County's budget and managerial performance evaluation results.
9. Eliminate the practice of splitting pay increases between base-building and lump sum payments for County managers who are in the top two quartiles of their respective pay ranges. Put all pay increases into manager' base pay.
10. Make available to County managers a copy of this report and a summary of quantitative survey data from this study.

Study Design and Methodology

In preparing to conduct this study and formulate a study design, I met on several occasions with Ms. Walden and her senior staff to develop a deeper understanding of the MPP, the County's managerial compensation plan, and the County's organizational and departmental structure. My understanding in these respects was further deepened by reviewing numerous internal documents and memoranda, including those pertaining to the original adoption and initial implementation of the MPP (see, as examples, County of Orange, 2000, 1999 & 1998).

Based on these meetings and document reviews, as well as my experience in conducting managerial performance and compensation plan studies for other large public jurisdictions, I determined that "primary data" needed to be obtained from County managers — data that would provide potentially valuable insights into the strengths and weaknesses of the MPP as judged by those who live and work with the MPP. Consequently, I formulated a three-pronged design to carry out the study.

The first prong, or component, was a survey to be administered to all those holding County administrative management positions. The second component was a set of

focus groups in which the participants were small groups of County managers. The third component was a set of individual interviews with selected County managers.

I prepared and distributed a survey questionnaire with input from CEO, Dr. Schumacher, Ms. Walden and her senior staff, and members of the MPP Department Head Subcommittee. (A copy of the final survey is included as Appendix 1 to this report.) This survey was administered to all 855 County managers in January 2002. 547 completed surveys were returned, a response rate of 64%. Note that this was an anonymous survey and that no individual manager was identified with particular survey responses.

Concurrent with the distribution of the survey, and tabulation of survey results, I proceeded to conduct three focus groups with County managers, two of which took place in November and one in December 2001. Each of these focus groups was attended by between 20 and 25 managers who represented a range of departments, work experience, management levels and functional responsibilities in the County. At the conclusion of each focus group, I prepared a set of summary notes highlighting the main points that were made during the session.

From January through March 2002, I conducted 30 individual interviews with County managers at their office/work locations. These were semi-structured interviews that lasted about 90 minutes each. The managerial interviewees represented a wide range of departments, work experience, management levels, and functional responsibilities. At the end of a day in which I conducted such interviews, I prepared a set of summary notes highlighting the main points that I believe were made during the interviews.

In addition to obtaining primary data for this study in the manner described above, I also relied on secondary data from some other public jurisdictions in the United States that enabled me to compare certain aspects of the County's MPP with managerial performance plans, policies and practices in those jurisdictions. For this purpose, I chose jurisdictions that were comparable to the County in terms of size and scope of services/activities.

Main Conclusion

Based on analysis of the data obtained from the aforementioned sources, it is my overall conclusion that, while sound in concept, the MPP as implemented has failed to achieve its objectives. To illustrate, while 98.7% of surveyed County managers believe that a manager's performance should be evaluated by his or her boss, about 80% of these managers disagreed or strongly disagreed with the statement that "the current MPP does a good job of assessing management performance in my department." Very similar perceptions were also expressed by managers who attended the focus groups and by managers who were interviewed for this study.

Based on these and other "confirming" data, it would be easy to conclude that the MPP should be scrapped. But such a conclusion is too easy to reach, and would still leave

open the questions of how best to assess management performance in the County and how best to use management performance evaluation results to help the County achieve its business objectives. Therefore, I believe that the MPP should be retained by the County, but significantly modified and strengthened.

Conceptual Framework

Any management performance system, plan and recommendations for improving a plan should be grounded in a conceptual framework of analysis. The conceptual framework that has guided this study has been derived from theoretical and empirical research on performance management (Latham & Wexley, 2002; Jackson & Schuler, 2000; Heneman & von Hippel, 1997; Lewin & Mitchell, 1995) and is shown in Figure 1.

The two main components of this framework are performance plan and performance appraisal. A performance plan begins with “scanning,” which refers to the identification and review of the organization’s strategic (or business) objectives. The key idea here is that before performance standards are set, scanning should occur so that these standards will be closely aligned with the organization’s objectives rather than being unconnected to or independent of them. With respect to the County as a whole, accountability, efficiency, and other measurable results constitute business objectives. With respect to individual County departments, specific goals derived from a department’s mission constitute its business objectives. Within the context of the MPP, therefore, key departmental objectives should be clearly identified and known—that is, scanned—by all departmental managers prior to setting their individual performance goals (County of Orange, 2000).

Next in the performance plan sequence is “performance standards,” which refers to the specific goals established by managers and against which their performance will be measured. As will be further elaborated below, these goals should be few in number, specific, and actionable. These goals should also be valid in the sense that they accurately reflect the main performance dimensions of the manager’s job. The third dimension of the performance plan process is “action plans,” which refers to the specific actions and activities that a manager intends to undertake to achieve his or her performance goals. If action plans cannot be readily identified or described, this may indicate that the performance goals established by a manager lack clarity or validity and, thus, need to be revised.

The second main component of the performance management framework is “performance appraisal,” which in turn consists of “performance evaluation” and “feedback-rewards.” Performance evaluation refers to the methodology employed by an organization to measure employee performance. Within the context of the MPP, this methodology features a rating scale to evaluate management performance, with the superior manager (boss) rating each of his or her subordinate managers. This is known as a one-to-one, superior-subordinate type performance evaluation method, which is widely used in the public and private sectors (Buford & Lindner, 2002; Lewin & Mitchell, 1995), though multi-source, or so-called 360-degree type performance evaluation, is

increasingly being used in both sectors (Heneman & von Hippel, 1997; Taylor & Price, 1999). As will be further discussed below, key to performance evaluation is superior-subordinate agreement on a) the performance goals to be measured, b) use of the rating scale to assess performance, and c) the purposes for which performance evaluation data are used.

The second dimension of performance appraisal, “feedback-rewards,” refers to the two main purposes for which performance evaluation data are used by organizations. Feedback is the process by which a superior provides a subordinate with information about the strengths and weaknesses of his or her performance as it relates to the expectations and business objectives of the organization. The alignment of management performance with County business objectives has been, in fact, a major focus and objective of the County’s MPP. Feedback is also the process by which the superior and subordinate jointly formulate and agree on a developmental plan to overcome weaknesses. This latter process is intended to develop subordinates’ skills and competencies in areas that have been shown through performance evaluation to require improvement.

Performance evaluation data are also used to determine employee rewards, most notably, pay increases and promotions. This is a widespread practice in both the public and private sectors. However, there is also substantial evidence to show that performance evaluation data are used more for determining rewards than for providing feedback to employees (Milkovich & Newman, 1999; Lewin & Mitchell, 1995). This also appears to be the case in the County where, conceptually, the MPP calls for performance evaluation data to be used equally for feedback and reward purposes whereas, in practice, these data appear to be used more for reward than feedback purposes (this point will be further elaborated below).

Proceeding from this conceptual framework and relying on the data obtained in this study, the following section contains a set of recommendations for strengthening several components of the MPP and a discussion of study findings that bear upon each of the recommendations.

Recommendations and Findings

Number of Management Performance Goals

Recommendation #1

Reduce the number of annual performance goals set by County managers from nine (9) to three (3).

The MPP was initially implemented on a calendar-year cycle beginning in January 2000, and called for managers to set up to five (5) performance goals. In January 2001, in order to align the MPP cycle with the fiscal year, a six-month cycle was employed, and managers set three (3) performance goals. In July 2001, the first fiscal-year cycle, the

MPP called for managers to set nine (9) performance goals. The overwhelming perception of the managers interviewed as a part of this study was that setting nine goals is not effective. The dominant sentiment among managers was that they had a few, typically two to three (2-3), key or “top priority” goals for which they should be held accountable and against which their performance should be measured during the year. The overriding perception is that setting numerous goals beyond these few top priority goals, waters down the overall effectiveness of the MPP. These perceptions were consistently expressed by younger as well as older managers, female as well as male managers, more experienced as well as less experienced managers, and by managers across County departments.

In my judgment, it is highly likely that management performance goals will be more closely aligned with departmental and County business objectives when managers set a few key, top priority goals rather than a larger, more diffuse set of goals. This conclusion is supported by a substantial amount of research showing that management performance goals are significantly more likely to be achieved when fewer rather than many goals are set (Taylor & Price, 1999; Latham & Wexley, 2002). Further, no other large public jurisdiction in the United States has a management performance plan that requires managers to set nine performance goals. The most common practice in other jurisdictions is to have managers specify two-three (2-3) annual performance goals. Therefore, implementation of the recommendation to reduce the number of annual performance goals to three will permit the MPP to be a better tool for assisting managers in focusing on County business objectives, will reflect prevailing practices in other public jurisdictions, and will more effectively meet the business objectives of the County.

Goal-Setting Process

Recommendation #2

County managers should set annual performance goals jointly with their superiors, as was the original intent of the MPP.

Although the intent of the MPP, from its inception, was to encourage managers to set goals collaboratively with their superiors, from both focus groups and interviews, it is clear that the dominant MPP goal-setting practice is one in which the individual manager sets his or her annual performance goals independently. While there are some cases in which a manager and his or her boss mutually set the manager's performance goals, the data from this study indicate that this is the exception rather than the rule in the County. Further, the manager also typically conducts his or her own mid-year evaluation of progress toward goals. It is only near or at the end of the year that the manager and his or her boss mutually evaluate goal achievement, and even then it is typical for the manager to conduct another self-evaluation and present it to his or her boss.

There is a substantial body of theory and research which indicates that a mutual or joint managerial goal-setting process leads to better managerial performance than a process in which the subordinate manager alone sets his or her performance goals (Latham & Wexley, 2002; Taylor & Price, 1999). Such mutual goal-setting should help County managers better evaluate their subordinate managers' year-end accomplishment of/progress toward achieving specified goals, and help both parties to mutually modify performance goals during the year in response to unanticipated, typically externally-driven, events.

A beginning-of-year mutual managerial goal-setting process is also likely to increase the alignment of individual managers' MPP goals with departmental goals and, thus, with County business plan objectives. In this regard, and based in part on my reading of its development, the MPP was originally designed to include joint superior-subordinate manager goal-setting. Hence, this is an example of a gap between concept and implementation (i.e., practice) of the MPP. In this regard, the managerial goal-setting process in most other public jurisdictions features beginning-of-year, mutual goal-setting between superior and subordinate managers.

Quality/Type of Goals

Recommendation #3

County managers should set high-quality, key, stretch goals, in keeping with the original intent of the MPP, rather than routine, day-to-day, activity-based goals.

Study data indicate that there is considerable confusion and variation among County managers about the type of performance goals they should set. In interviews and focus groups, some managers said that they do set "stretch" performance goals beyond the scope of their regular or day-to-day responsibilities and activities. Other managers, however, said that they set performance goals only in conjunction with their regular day-to-day activities. And, still other managers said they were unsure of or unclear about the type and quality of performance goals they should set.

Here, too, performance management theory and research indicate that the setting of high-quality, key stretch goals that go beyond the scope of regular activities is associated with better managerial and organizational performance than when goals are set only in conjunction with regular, day-to-day activities (Latham & Wexley, 2002; Heneman & von Hippel, 1997; McDonald & Smith, 1995). For the County, this implies that the setting of high quality stretch goals by managers will enhance the linkage between individual managers' goals and department goals as well as the alignment with County business objectives — especially if only a small number of high quality goals are set. And, setting fewer, high quality performance goals and measuring progress toward their achievement will also help to spotlight those managerial skills and competencies that require further development. As originally conceived, the intent of the MPP was to have managers set high quality stretch goals, so that this is another example of a gap between the concept and the practice of MPP.

Responsibility and Accountability for Managerial Performance Evaluation

Recommendation #4

County should continue to provide *guidelines* to departments for end-of-year distribution of managers among the four performance evaluation categories, and reinforce the policy that responsibility for making such evaluations rests with departments.

As originally conceived under the MPP, responsibility for managerial performance evaluation was intended to reside at the departmental level, with department heads and (especially in larger departments) sub-unit heads, such as division managers, conducting the evaluations. This is very similar to the managerial performance evaluation policy that prevails in other large public jurisdictions and in large companies. Moreover, data from this study clearly show that managers strongly support this level of authority residing at the department level.

Comments from focus groups and interviews, however, indicate that some County managers perceive this responsibility ultimately to rest with County headquarters (HQ). Although evidence does not support this perception, managers believe that initial end-of-year performance evaluation ratings were subsequently reduced (as examples, from distinguished to excellent or from excellent to solid) and attributed such reductions to County HQ. A great deal of organization and management research has shown that subordinates, including subordinate managers, will impute to higher levels of management, including "HQ," responsibility for decisions, such as performance evaluation ratings, with which they disagree (Jackson & Schuler, 2000; Taylor & Price, 1999). I found that such judgments in the County of Orange have sometimes been reinforced by managers' superiors when they attempt to explain the performance evaluation ratings and changes in such ratings to subordinate managers.

Similarly, it is common for managers in any organization to believe that they merit the highest performance evaluation rating possible. Indeed, data from the survey of County managers found that 77% of the responding managers strongly agreed or agreed with the statement that "management performance in my department is strong," while only 2% strongly disagreed with this statement.

My interpretation of the data from this study, as well as my experience with performance evaluation and management in other large public and private organizations, suggests that with an MPP process that has been in place for only a relatively short time, some managerial performance evaluation ratings with which individual managers are disappointed or disagree are inaccurately attributed to the actions of County HQ.

In any case, for the MPP to work well, responsibility for managerial performance evaluation must continue to rest with department heads and sub-unit managers, who

are clearly best positioned to conduct such evaluations. Such delegation, in turn, is closely consistent with the “high commitment” principles underlying the County’s Enlightened Leadership program in which virtually all County managers participated during recent years. Therefore, to the extent that a gap exists between a policy of delegating responsibility for managerial performance evaluation to departments and the perception of (some) managers that responsibility for managerial performance evaluation resides in County HQ, this gap must be overcome. If it is not, it will be to the detriment of the MPP as an effective management tool.

Managerial Performance Evaluation Rating Distributions

Recommendation #5

The four managerial performance evaluation rating categories should be renamed, and end-of-year percentage distribution *guidelines* should be specified for each category.

When the MPP was introduced into the County, it contained three performance evaluation rating categories, namely, distinguished, solid and weak. During that initial period, moreover, the guidelines for the distribution of departmental managerial performance ratings were 20-35% distinguished, 65-75% solid, and up to 5% weak. In 2001, a fourth managerial performance evaluation rating category, namely, excellent, was added to the MPP. The clear intent of this change was to break up the relatively large “solid” category into two smaller categories.

Data from this study show a range or mix of opinions and perceptions among managers concerning the managerial performance evaluation rating categories and distributional guidelines. For example, most managers hold a favorable view of the decision to add a fourth performance evaluation rating category to the MPP, believing that it “corrected” an overly narrow rating system that previously resulted in too large a proportion of managers being rated in the middle (that is, solid) category. More fundamentally, a substantial majority of County managers who participated in the focus groups and/or were interviewed for this study strongly favors having in place a performance evaluation rating system that clearly distinguishes among several different categories of managerial performance. Without such a system, said these managers, it wouldn’t be possible to measure differences in management performance or to implement a pay-for-performance policy.

Some other County managers, however, take a different view of the MPP evaluation rating categories and distributional guidelines. These managers commented that they believe very few County managers, certainly not 5%, are weak, that the process of selecting County managers is such that most managers are high performers, and that superimposing a “normal” distribution of performance evaluation ratings on managerial personnel who have been carefully selected is inappropriate. In this regard, it is also worth noting that the survey found that more than 60% of managers strongly agreed or

agreed with the statement that “generally speaking, management performance in the County is good,” while less than 3% of respondent managers strongly disagreed with this statement.

Recognizing and respecting these different views, it is nevertheless true that most public and private organizations, especially large ones, have explicit managerial performance evaluation categories and rating guidelines in place, so that the County is not at all unusual in this respect (Buford & Lindner, 2002; Lawler, 2000; Dogett, 1994). In fact, the recent trend is toward more, not less, use of such managerial performance evaluation categories and rating guidelines (Taylor & Price, 1999). But the County is relatively unusual, compared to other public jurisdictions, in its choice of performance evaluation category labels (also known as descriptors). No other large public jurisdiction uses managerial performance evaluation category labels such “solid” or “distinguished,” and most do not use the label “weak.” In my judgment, these labels are too general, that is, not sufficiently County-specific. Therefore, I recommend that these category labels be changed to the following:

- Superior (category #1)
- Exceeds Expectations (category #2)
- Meets Expectations (category #3)
- Needs Improvement (category #4)

Adoption of these four new managerial performance evaluation categories will make it clearer that there are core performance expectations for County managers that can be met (category #3) or exceeded (category #2), that truly outstanding performance will be judged superior (category #1), and that performance that does not meet County expectations needs improvement (category #4).

I further recommend that managerial performance evaluation rating distribution guidelines be established as follows:

- Superior – 20%
- Exceeds Expectations – 45%
- Meets Expectations – 30%
- Needs Improvement – 5% or less

It is important to recognize that these guidelines continue to be *guidelines*, not mandates, and that they should be applied flexibly rather than mechanically or absolutely. To illustrate, a higher percentage of managers might be rated superior in departments with relatively broad spans of control, for example, 20 employees per manager, than in those with relatively narrow spans of control, for example, four employees per manager. Also note that these rating guidelines are not “normally” distributed, that is, 65% of managers would be rated exceeds expectations or higher in a department that followed the guidelines exactly as stated.

Skewed Managerial Performance Evaluation Ratings

Recommendation #6

County should publish (internally) end-of-year departmental distributions of managerial performance evaluations.

With any performance evaluation rating system, including those that contain explicit rating distribution guidelines, there is a risk that the actual distribution of performance evaluation ratings will be upwardly skewed. This is a well-known phenomenon in both public and private organizations. There are several reasons that typically account for this type of upward skew, reasons that have come to be known as “perverse incentives.”

By this is meant that 1) superiors prefer to give subordinates positive rather than negative feedback and are considerably better at giving positive than negative feedback, especially when superiors continue to manage the same subordinates over relatively long time periods; 2) superiors who are relatively hard “graders” when determining subordinates’ performance evaluations may appear to have poorer performing subordinates — poorer quality human capital — than their higher-grading peers, thereby developing negative “reputational” effects; 3) superiors who are relatively hard graders when it comes to subordinates’ performance evaluations may receive lower merit pay budgets than their higher-grading peers; and 4) some superiors believe that they have nothing but outstanding performing subordinates. This is why most performance evaluation rating systems wind up with skewed or inflated appraisals rather than “normally” distributed appraisals. It also helps to explain why some organizations choose to force the distribution of performance appraisal ratings to make them conform to a normal rating distribution.

In so far as the County is concerned, data from focus groups and interviews indicate that some managers believe that managerial performance evaluations are indeed skewed upward, either or both in their own and other departments, while other managers believe that their departmental superiors follow the MPP guidelines and thus do not skew managerial performance appraisals upward. Virtually all managers, however, share a perception that there should not be a forced distribution of managerial performance evaluations in the County. In this regard, a considerable amount of research also indicates that forcing a normal distribution of managerial performance evaluations has many more negative than positive consequences (Wexley & Latham, 2002; Taylor & Price, 1999; Heneman & von Hippel, 1997).

Nevertheless, and despite the presence of explicit guidelines for the distribution of managerial performance appraisal ratings in the County, the possibility remains that such appraisals will be upwardly skewed, perhaps especially in certain departments. Fortunately, empirical research also shows that spotlighting such upward skewing, for example, by internally publishing end-of-year managerial performance evaluation ratings by department (or sub-units) can help to bring “recalcitrant” departments into line

(Lawler, 2000). This in turn requires that departmental managerial performance evaluation rating data be summarized and monitored by HQ, which is also a common practice in other large public jurisdictions. If such publication is not sufficient to deal with particularly inflated departmental managerial performance evaluation ratings, the CEO together with his senior staff and the Department Head Subcommittee can meet with department heads in order to discuss and correct upward managerial performance evaluation rating skew. This, too, is a common performance management oversight practice in other large public jurisdictions.

Uses of Managerial Performance Evaluation Data

Recommendation #7

Place stronger emphasis on the performance expectations of managers so that managerial performance evaluation results are used relatively *more* for developmental purposes and relatively *less* for compensation purposes.

Data from focus groups and interviews clearly indicate that managerial performance evaluations are perceived by County managers to be used primarily for pay determination/pay change purposes and only secondarily for skill/ competency development purposes. Indeed, approximately half of the managers interviewed for this study believe that managerial performance evaluations aren't used at all to develop managerial skills and competencies. Similar judgments can be inferred from the following summaries of responses to two survey items.

"Management performance assessment results are properly used to determine additional training/development for managers in County government"

<u>Strongly Agree</u>	<u>Agree</u>	<u>Neither Agree Nor Disagree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>Don't Know</u>
0.2%	3.1%	15.2%	32.1%	23.2%	26.2%

(n = 545)

"Management performance assessment results are properly used to determine additional training/development for managers in my department"

<u>Strongly Agree</u>	<u>Agree</u>	<u>Neither Agree Nor Disagree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>Don't Know</u>
1.1%	8.8%	17.6%	34.7%	23.3%	14.5%

(n = 544)

From a conceptual perspective, these findings are not unusual or particularly surprising. This is because any managerial performance evaluation system in which evaluation results are intended to be used both for pay-setting and developmental purposes puts those who make such evaluations in the dual roles of “judge” and “coach” (Jackson & Schuler, 2000; Lewin & Mitchell, 1995). That is, a department head, division manager or any other manager who conducts performance evaluations of his managerial subordinates exercises the role of judge in using the evaluations to recommend pay changes for those subordinates, and exercises the role of coach in using the evaluations to determine additional training and development for those subordinates. Empirically, there is much research evidence to show that these dual or split roles are not equally undertaken and that, in fact, the use of performance evaluation results for determining pay (and other reward) changes — the judge role — tend to dominate the use of performance evaluations results for subordinate training and development purposes — the coach role (Jackson & Schuler, 2000; Lewin & Mitchell, 1995). This dominance of the judge over the coach role with respect to the use of managerial performance evaluation results is even greater when an organization, such as the County, maintains a pay-for-performance policy with respect to managerial pay.

However, experience with managerial performance management plans in several prominent public and private organizations also shows that setting clear performance expectations at the beginning of the performance management process can bring about a relatively more even-handed use of performance evaluation results for pay and development purposes (Taylor & Price, 1999; Perry & Petrakis, 1988). For the County, this means that clear performance expectations of each manager must be set at the beginning of the MPP process. For this purpose, as noted earlier, MPP goals should be mutually determined by a manager and his superior rather than determined by a subordinate manager alone. Further, these expectations and goals should be set such that they are closely aligned with departmental objectives and, in turn, with County business objectives.

As noted above, this type of performance planning process makes it more likely that managerial performance evaluation results will be used for development purposes (Buford & Lindner, 2002; Heneman & von Hippel, 1997). To further increase this likelihood, however, the end-of-year performance review for each manager should be treated as a formal performance feedback session by the superior conducting the review and the subordinate being reviewed. These review/feedback sessions should be documented by a superior for each subordinate manager being reviewed.

When a manager is rated as needing improvement (category #4), his or her superior should be certain to feed back to the manager the basis for this rating and the two should formally agree on a performance improvement or developmental plan for the ensuing period (one year or less). This would be in line with the prevailing practice in most other large public jurisdictions, which require an explicit superior-subordinate plan specifying developmental actions to be taken in cases where the managerial performance evaluation indicates that a improvement is needed.

For managers who meet or exceed performance expectations (categories #3 and #2, respectively) and for those rated superior (category#1), similar performance review, feedback, and developmental planning should also be carried out and documented by superiors. For managers in these performance categories, the main developmental objective is to take them to the next higher levels of skill and competence required to achieve departmental and County business objectives.

When a managerial performance improvement or development plan is agreed to, progress towards performance improvement and/or completion of the developmental plan should be documented by the superior and his or her subordinate manager. Such documentation should focus on the specific skills and competencies that were enhanced through development, and provide concrete examples, descriptions and measures of how these skills/competencies were exercised in practice by the subordinate manager.

Managerial Pay Increase Guidelines

Recommendation #8

Establish specific annual managerial pay increase guidelines based on the County's budget and managerial performance evaluation ratings.

From both focus groups and interviews, it is clear that County management personnel understand the connection between the County's budget/funding level and managerial pay increases or, in other words, that the County's ability to pay is one factor influencing managerial pay. It is also clear that County management personnel understand and, in the main, agree with the concept of tying managerial pay increases to managerial performance and the achievement of business results.

This does not mean that County managers are necessarily satisfied with their pay, as reflected in the following summary of managers' responses to a specific survey item:

"I am generally satisfied with my pay as a manager in County government"

<u>Strongly Agree</u>	<u>Agree</u>	<u>Neither Agree Nor Disagree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>Don't Know</u>
0.9%	18.3%	9.3%	44.9%	26.4%	0.2%

(n = 546)

For several well-known reasons, this is not a surprising finding. First, numerous surveys of employees and managers in both the public and private sectors indicate that when given opportunities to express their opinions about satisfaction with various aspects of the employment relationship, satisfaction with pay ranks lower than

satisfaction with most other aspects (Lawler, 2000; Milkovich & Newman, 1999; Perry & Petrakis, 1988). Second, pay for public sector managers is typically significantly lower than pay for private sector managers, and public sector managers, including those in the County, often compare their pay with that of private sector managers (Lewin, 2002). Given this, the County can be assured that County managers nevertheless understand and agree with the notion that managerial pay should depend on the County's ability to pay and on management performance evaluations.

Of greater concern, perhaps, is the dominant perception among County managers that managers' pay is not closely linked to managers' performance, as shown in the following summary of manager's responses to another specific survey item:

"In my judgment, managerial pay is directly linked to managerial performance in County government"

<u>Strongly Agree</u>	<u>Agree</u>	<u>Neither Agree Nor Disagree</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>Don't Know</u>
0.7%	8.7%	9.6%	39.1%	37.5%	4.4%

(n = 542)

By implementing the aforementioned recommendation, I believe that the County can strengthen the links between managerial pay and 1) the County's ability to pay, and 2) managerial performance evaluation ratings. The following examples illustrate how this might be achieved:

- If a 4% funding level for administrative management is approved by the Board of Supervisors, then the following pay increase range guidelines would be in effect: Needs Improvement (category #4), 0-1%; Meets Expectations (category #3), 2-3%; Exceeds Expectations (category #2), 4-5%; Superior (category #1), 6-7%.
- If the funding level is higher, say 7%, these guidelines would be adjusted upward, for example, 0-1% for category #4, 3-5% for category #3, 6-8% for category #2, and 9-10% for category #1.
- If the funding level is lower, say 2%, these guidelines would be adjusted downward, for example, 0-0.5% for category #4, 1-1.5% for category #3, 2-2.5% for category #2, and 3-3.5% for category #1.

Consistent with these examples, departmental decisions about management pay increases would not be used to increase the pool of money available to a department for such increases. In other words, the "first principle" is that each department must operate within County funding parameters when determining managerial pay increases. The aforementioned recommendation also strengthens the principle that management pay in the County is at risk, that is, dependent upon the County's budget, the individual

manager's performance evaluation results, and, ultimately, approval of recommended managerial pay increases by the County Board of Supervisors. When working with this guideline, moreover, managers would receive a pay increase at or above the County-approved funding level only when rated as "exceeding expectations" or as "superior."

Data from this study also evidence some confusion among managers about who bears responsibility for their individual pay increases. As envisaged under the original MPP, and here as well, responsibility for determining individual managerial pay increases, within allotted dollar amounts, rests with departments in the same way that responsibility for individual managerial performance evaluations rests with departments. These principles should be re-emphasized in a communication to all County departments and managers.

Base-Building and Lump Sum Pay Increases

Recommendation #9

Eliminate the practice of splitting pay increases between base-building and lump-sum payments for County managers who are in the top two quartiles of their respective pay ranges. Put all pay increases into managers' base pay.

With the introduction of MPP, the County initiated a practice requiring that 25% of a third-quartile manager's pay increase be paid as a lump sum (with 75% going into base pay), and that 50% of a top quartile manager's pay increase be paid as a lump sum (with 50% going into base pay). This practice, however, has negatively affected morale among managers in the upper reaches of their respective pay ranges — that is, those who are typically among the longest-serving County managers.

Of all the issues taken up in the focus groups and interviews conducted for this study, the base-building, lump sum pay split practice engendered the most vocal and most convergent comments. In a word, County managers believe that this practice is ill-advised, and this view was not confined to (though it is stronger among) those managers who are in the top two pay range quartiles. More than half of the interviewed managers specifically described this split as a "take-away."

Further, I was unable to find another large public jurisdiction in the United States that splits managerial pay increases between amounts going into base pay and amounts paid as a lump sum. To the contrary, all these jurisdictions apply managerial pay increases solely to managers' base pay. This is not to say that these other jurisdictions do not practice incentive compensation for executive and/or managerial personnel. Many of them in fact do so, typically by providing bonus payments for achievement of departmental objectives or for exceptional individual managerial performance. But, this is a far different practice from separating managerial pay increases into base-building and lump sum payments.

By eliminating the base-building, lump sum allocation of pay increases for upper quartile managers, the County will therefore bring itself into alignment with the prevailing practice in other large public jurisdictions and with the dominant sentiment among County managers. Even with this change, however, pay for County managers will continue to be at-risk, that is, dependent on the County's budget, individual managerial performance/achievement of results, and approval of recommended managerial pay increases by the County Board of Supervisors. In addition, salary increases in excess of the top of the range will no longer be available.

Sharing Study Information With Managers

Recommendation #10

Make available to County managers this report and a summary of quantitative survey data from this study.

Managers in the focus groups and especially managers who were interviewed for this study expressed a strong desire to see study results, in particular, the survey findings and this report. Providing this information to County managers will comport with empirical research showing that "business" information sharing with employees, especially managerial personnel, tends to improve organizational performance (Buford & Lindner, 2002; Morishima, 1991; Kleiner & Bouillon, 1991). From this perspective, the survey data from this study and the Executive Summary of this report constitute business information that should be shared with County managers.

Other Considerations

Annual Exceptional Management Performance Award

Pay for performance and incentive compensation are well-established concepts that have had relatively little, but nevertheless growing, application in local governments in the United States (Lewin, 2002; Buford & Lindner, 2002; Perry & Petrakis, 1988). The MPP is intended to link managerial pay to managerial performance in the County, and this linkage will be strengthened by adoption of the recommendations offered and summarized above. But to place even greater emphasis on incentive compensation for County managerial personnel and further improve the MPP, the County should consider the following:

- Establish a CEO's Annual Exceptional Management Performance Award in the form of a lump sum cash payment to individual managers in the administrative management ranks who demonstrate exceptional achievement of measurable results for the County.

This award would be based on the rendering of truly exceptional performance by individual managers nominated by their respective department heads. Criteria for a

manager to be nominated for this award could include a) the manager having been rated “superior” in the end-of-year performance evaluation; b) the manager having completed Enlightened Leadership, LEAD and PIP Training (if the manager manages employees in the PIP); and c) the department documenting (possibly in the form of a “white paper”) specifically how the manager achieved business results for the department and the County that made this manager “exceptional.” Note that similar types of exceptional management performance awards have been adopted and used by some other public jurisdictions in the United States. In addition, the creation of such an annual award in the County was strongly favored by the majority of managers interviewed for this study.

In the first year of such an award, each department head could nominate one recipient and all such nominees could receive the award. Thereafter, a maximum number of annual exceptional management performance awards, perhaps 10, could be established, with one nominee per department continuing to be permitted. Following the practice prevailing in other public jurisdictions, any and all such awards should be in equal amounts, say, \$5000 per award. From both the comments of managers interviewed for this study and information available from other public jurisdictions that practice this type of incentive compensation, the actual amount of award money appears to be less important than the recognition of exceptional management performance that such an award would signify—particularly about producing results that the County values highly. If established, these awards should be presented by the CEO at a public ceremony which the County Board of Supervisors, Department heads and other managers would be invited to attend.

Citizen Quality of Service/Satisfaction Survey

During this study, several managers who participated in focus groups and other managers who were interviewed offered comments about how the citizenry views County managers. The dominant opinion among these managers was that this citizens’ view is “somewhat to highly negative.” It is possible to do more than speculate about this important matter. Therefore, in this regard, the County should consider the following:

- Establish an annual citizen survey of “perceived quality of County-provided services” and “satisfaction with County-provided services.”

Several other large public jurisdictions (or specific departments within such jurisdictions) in the United States have adopted such surveys, so that there are precedents for the County to do the same. Further, when asked in this study about whether citizens “should provide performance assessments of managers in County government,” almost half of all surveyed managers responded affirmatively. By instituting an annual citizen survey, the County would be able to determine systematically how its external “customers” a) rate the quality of and their satisfaction with County-provided services, and b) perceive County management. Further, and if sustained, such surveys would enable the County to c) determine how these citizen-customer ratings and perceptions

change over time, and d) identify some of the factors influencing these ratings and perceptions. Perhaps most important, by instituting such a survey the County would give further emphasis to a key concept underlying the MPP, namely, that the County is primarily concerned with and devoted to achieving “business results.”

Methodologically, and to obtain valid and reliable data, a relatively brief survey should be administered to a random sample of County residents based on zip code information and that distinguishes between citizens who have and have not made direct use of County-provided services. Based in part on the experiences of other public jurisdictions with these types of surveys as well as the findings from numerous other surveys showing that citizens rate the services provided by their own local governments more highly than they rate government generally (Buford & Lindner, 2002; Dogett, 1994), it would not be surprising to find the County’s citizenry to have a more favorable view of County services and County management than County managers (who participated in focus groups and interviews) believe they hold. But, all this can be determined empirically by the type of citizen survey recommended here for consideration by the County.

Assessing Changes in the MPP

It is well established from research on performance management systems that whenever a particular performance management system undergoes changes, those changes should be systematically assessed (Latham & Wexley, 2002; Buford & Lindner, 2002; Heneman & von Hippel, 1997). Therefore, the County should consider the following:

- Conduct an assessment of changes in the MPP at the end of the year during which the changes were implemented to determine the extent to which desired results have been achieved. Include a survey of County managerial personnel in this assessment.

By conducting this type of assessment, the County will be able systematically to determine the extent to which a) managerial performance goal-setting is more closely aligned with departmental and County business objectives, b) managerial performance is improved, c) performance evaluation results are used for developmental as well as compensation purposes, and d) managerial skills and competencies have been enhanced. Note that other public jurisdictions have conducted similar assessments of changes they made to their management performance plans. This provides additional support for the County to conduct a systematic assessment of changes in the MPP of the type recommended in this report.

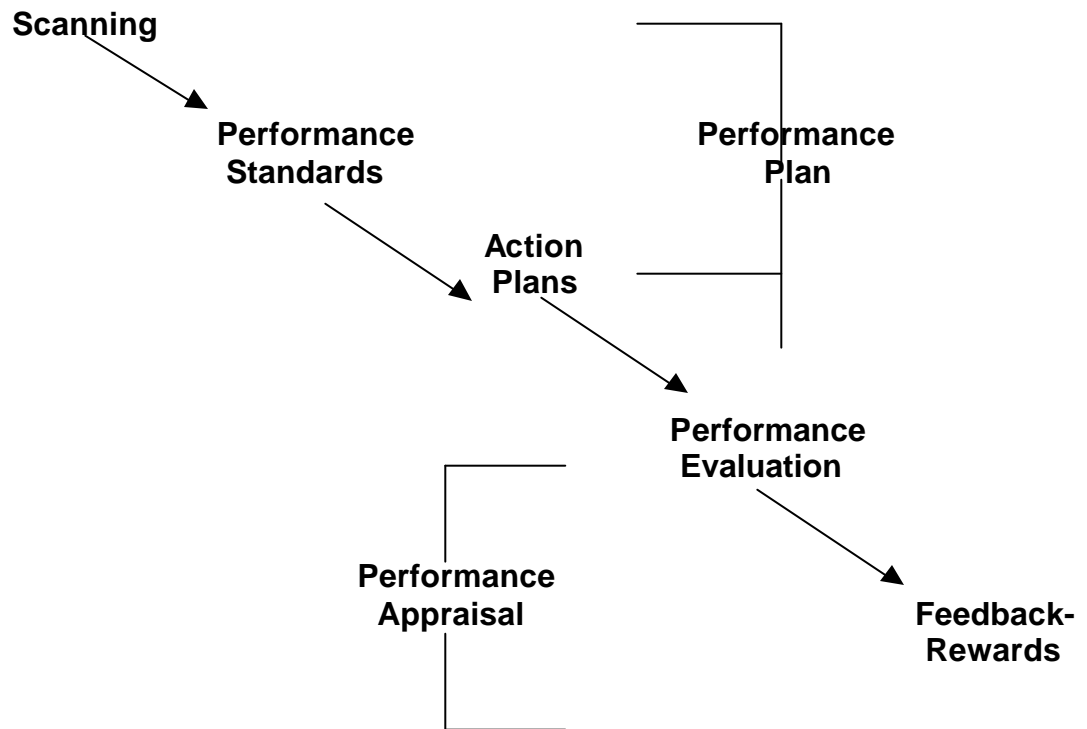
Conclusion

The County’s MPP has been in place for only a short time, and replaced an older, long-standing and outdated salary pool system of managerial compensation. Conceptually, the MPP was intended to improve managerial performance by establishing a pay-for-

performance basis for managerial compensation and by using performance evaluation data to develop managers' skills and competencies in order to better align the work done by County managers with County and departmental business objectives. In practice, data from this study indicate that the MPP has fallen short of achieving its aims. But this shortfall is not sufficient to justify abandoning the MPP. To the contrary and also based on study data, the MPP can be significantly strengthened and improved by modifying certain of its component processes. The recommendations offered in this report are intended to achieve just such strengthening and improvement.

It is also notable that many other public jurisdictions (and companies) have in recent years adopted one or another MPP-type initiative; therefore, the County is hardly alone in this respect. In my judgment, this is due to the common forces that have been affected governments throughout the United States, chief among which are competition, deregulation, major technological change, volatile budgets, and citizen demands for improved services. For the County and its component departments to better achieve key business objectives in a more uncertain, turbulent environment, improving and strengthening the MPP is especially important and worth pursuing. In this regard, it is also wise to keep in mind that the MPP — Management Performance Plan — represents an investment in human capital, specifically, the capital embodied in County managers. It is, in part, through the performance and commitment of this managerial cadre that high quality services can be provided to the citizenry — the County's customers — and that accountability, efficiency and other key County objectives can be achieved. From this perspective, investing in improving and strengthening the MPP makes good sense and, in itself, should become a key County business objective.

Figure 1
Performance Management Conceptual Framework



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Appendix 1

Orange County Management Survey Questionnaire

General Instructions

Please respond to all statements/questions in each section of this survey. Most statements ask you to rate your perception from Strongly Disagree to Strongly Agree by circling your response. You are also provided with the option to select "Don't Know." The last section asks you to fill in a few demographic questions, or check a response. For each statement, select only one response from those provided. Finally, please recognize that this survey asks for your perception/opinions, so please don't hesitate to answer because you don't have "hard data" about any statements/questions. Thank you for your participation in this survey.

Section 1 – Management Compensation/Rewards

1. Generally speaking, total compensation for managers in County Government is

Too High Too Low About Right Don't Know

2. Total compensation for managers in my Department is

Too High Too Low About Right Don't Know

3. Generally speaking, pay for managers in County Government is

Too High Too Low About Right Don't Know

4. Pay for managers in my Department is

Too High Too Low About Right Don't Know

5. I am generally satisfied with my total compensation as a manager in County Government

Strongly Agree Agree Neither Agree nor Disagree Disagree Strongly Disagree Don't Know

6. I am generally satisfied with my pay as a manager in County Government
- | | | | | | |
|----------------|-------|----------------------------|----------|-------------------|------------|
| Strongly Agree | Agree | Neither Agree nor Disagree | Disagree | Strongly Disagree | Don't Know |
|----------------|-------|----------------------------|----------|-------------------|------------|
7. Generally speaking, non-pay recognition rewards for managers in County Government are
- | | | | | | |
|-----------------|------------|---------------------------------|----------|---------------|------------|
| Very Inadequate | Inadequate | Neither Adequate nor Inadequate | Adequate | Very Adequate | Don't Know |
|-----------------|------------|---------------------------------|----------|---------------|------------|
8. Generally speaking, non-pay recognition rewards for managers in my Department are
- | | | | | | |
|-----------------|------------|---------------------------------|----------|---------------|------------|
| Very Inadequate | Inadequate | Neither Adequate nor Inadequate | Adequate | Very Adequate | Don't Know |
|-----------------|------------|---------------------------------|----------|---------------|------------|
9. I am generally satisfied with my non-pay recognition rewards as a manager in County Government
- | | | | | | |
|----------------|-------|----------------------------|----------|-------------------|------------|
| Strongly Agree | Agree | Neither Agree nor Disagree | Disagree | Strongly Disagree | Don't Know |
|----------------|-------|----------------------------|----------|-------------------|------------|
10. In my judgment, managerial pay is directly linked to managerial performance in County Government
- | | | | | | |
|----------------|-------|----------------------------|----------|-------------------|------------|
| Strongly Agree | Agree | Neither Agree nor Disagree | Disagree | Strongly Disagree | Don't Know |
|----------------|-------|----------------------------|----------|-------------------|------------|
11. In my judgment, managerial non-pay recognition rewards are directly linked to managerial performance in County Government
- | | | | | | |
|----------------|-------|----------------------------|----------|-------------------|------------|
| Strongly Agree | Agree | Neither Agree nor Disagree | Disagree | Strongly Disagree | Don't Know |
|----------------|-------|----------------------------|----------|-------------------|------------|
12. In concept, the current managerial incentive plan is well-suited to motivating high performance by managers in County Government
- | | | | | | |
|----------------|-------|----------------------------|----------|-------------------|------------|
| Strongly Agree | Agree | Neither Agree nor Disagree | Disagree | Strongly Disagree | Don't Know |
|----------------|-------|----------------------------|----------|-------------------|------------|
13. In concept, the current managerial incentive plan is well-suited to motivating high performance by managers in my Department
- | | | | | | |
|----------------|-------|----------------------------|----------|-------------------|------------|
| Strongly Agree | Agree | Neither Agree nor Disagree | Disagree | Strongly Disagree | Don't Know |
|----------------|-------|----------------------------|----------|-------------------|------------|

14. In practice, the current managerial incentive plan is well-suited to motivating high performance by managers in County Government

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

15. In practice, the current managerial incentive plan is well-suited to motivating high performance by managers in my Department

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

Section 2 – Management Skills

16. Generally speaking, the skill levels of managers in County Government are well suited to accomplishing County goals

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

17. The skill levels of managers in my Department are well suited to accomplishing Department goals

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

18. Generally speaking, the management skill mix in County Government is well suited to accomplishing County goals

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

19. The management skill mix in my Department is well suited to accomplishing Department goals

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

20. Generally speaking, managers in County Government clearly understand their roles

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

21. Managers in my Department clearly understand their roles

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

22. Generally speaking, managers in County Government fulfill their roles well

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

23. Managers in my Department fulfill their roles well

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

24. Generally speaking, the functional responsibilities of managers in County Government are too broad

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

25. The functional responsibilities of managers in my Department are too broad

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

26. Generally speaking, the amount of training provided to managers in County Government is adequate

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

27. Generally speaking, the quality of training provided to managers in County Government is adequate

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

Section 3 – Management Performance Assessment

28. Generally speaking, management performance in County Government is good

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

29. Management performance in my Department is strong

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

30. In concept, the current management performance plan is well-suited to assessing management performance in County Government

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

31. In concept, the current management performance plan is well-suited to assessing management performance in my Department

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

32. In practice, the current management performance plan does a good job of assessing management performance in County Government

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

33. In practice, the current management performance plan does a good job of assessing management performance in my Department

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

34. Management performance assessment results are properly used to determine pay/rewards for managers in County Government

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

35. Management performance assessment results are properly used to determine pay/rewards for managers in my Department

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

36. Management performance assessment results are properly used to determine additional training/ development for managers in County Government

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

37. Management performance assessment results are properly used to determine additional training/ development for managers in my Department

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
-------------------	-------	-------------------------------	----------	----------------------	------------

38. In your judgment, which of the following should provide performance assessments of managers in County Government? (Check "yes" or "no" for each category.)

a) A Manager's Boss	Yes_____	No_____
b) Manager's Peers	Yes_____	No_____
c) A Manager's Subordinates	Yes_____	No_____
d) The Manager (Self-Assessment)	Yes_____	No_____
e) Citizens (Clients/"Customers")	Yes_____	No_____

39. In your judgment, which of the following should provide performance assessments of managers in your Department? (Check "yes" or "no" for each category.)

a) A Manager's Boss	Yes_____	No_____
b) Manager's Peers	Yes_____	No_____
c) Manager's Subordinates	Yes_____	No_____
d) The Manager (Self-Assessment)	Yes_____	No_____
e) Citizens (Clients/"Customers")	Yes_____	No_____

Section 4 – County Structure and Staffing

40. The number of management levels in County Government is about right

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
-------------------	-------	-------------------------------	----------	----------------------	------------

41. The number of management levels in my Department is about right

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
-------------------	-------	-------------------------------	----------	----------------------	------------

42. Management decision-making in County Government generally follows the chain of command

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
-------------------	-------	-------------------------------	----------	----------------------	------------

43. Management decision-making in my Department generally follows the chain of command

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

44. The management span of control, that is, the number of employees reporting to a manager in County Government is about right

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

45. The management span of control in my Department is about right

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

46. Generally speaking, the quality of management decisions made in County Government is high

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

47. The quality of management decisions made in my Department is high

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

48. Generally speaking, management decision-making in County Government is too slow

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

49. Management decision-making in my Department is too slow

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
----------------	-------	----------------------------	----------	-------------------	------------

Section 5 – Demographic Information

The following information is requested in order to aid data analysis. If you are uncomfortable providing any of the requested information, leave the question(s) blank.

50. How long have you worked for the County? (Fill-in)

Years_____ & Months_____

51. In which Department of the County do you work? (Fill-in)

Department_____

52. What is the highest schooling level that you completed? (Check one only)

Doctoral Degree (e.g., Ph.D., M.D., etc.) _____

Master's Degree _____

Bachelor's Degree _____

Associate (Two-Year) Degree _____

High School Diploma _____

Other _____

53. Were you promoted into a County management position or hired into a management position from outside County government? (Check one only)

Promoted from within _____

Hired from outside _____

54. Have you worked in more than one County Agency/Department during your career? (Check one only)

Yes _____

No _____

55. How much longer do you plan to work for the County before retiring? (Fill-in)

Years_____ & Months_____

Additional Comments (Write in any comments you deem appropriate, and use additional sheets, if needed.):

Thank you for completing this survey. Please return it in the attached envelope.

Appendix 2

Summary of Responses Orange County Management Survey Questionnaire (Sections #1-#4; Total Number of Respondents To Each Question Shown To the Right of Percentage Distributions)

Section 1 – Management Compensation/Rewards

						Total Respondents
46. Generally speaking, <u>total compensation</u> for managers in County Government is	Too High	Too Low	About Right	Don't Know		
	.4%	59.9%	23.2%	16.6%		543
47. <u>Total compensation</u> for managers in my Department is	Too High	Too Low	About Right	Don't Know		
	.6%	73.7%	18.4%	7.4%		543
48. Generally speaking, <u>pay</u> for managers in County Government is	Too High	Too Low	About Right	Don't Know		
	.2%	59%	22.2%	18.7%		546
49. <u>Pay</u> for managers in my Department is	Too High	Too Low	About Right	Don't Know		
	.5%	75.6%	16.5%	7.3%		546
50. I am generally <u>satisfied</u> with my <u>total compensation</u> as a manager in County Government	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know
	1.1%	21.3%	11.9%	41.5%	23.7%	.6%
						545

51. I am generally <u>satisfied</u> with my <u>pay</u> as a manager in County Government	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
	.9%	18.3%	9.3%	44.9%	26.4%	.2%	546

52. Generally speaking, <u>non-pay recognition rewards</u> for managers in County Government are	Very Inadequate	Inadequate	Neither Adequate nor Inadequate	Adequate	Very Adequate	Don't Know	
	24.6%	39.1%	16%	10.3%	.9%	9.2%	545

53. Generally speaking, <u>non-pay recognition rewards</u> for managers in my Department are	Very Inadequate	Inadequate	Neither Adequate nor Inadequate	Adequate	Very Adequate	Don't Know	
	23.1%	38%	18.3%	12.4%	1.9%	6.3%	540

54. I am generally satisfied with my <u>non-pay recognition rewards</u> as a manager in County Government	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
	.9%	10.9%	21.2%	36%	25.2%	5.8%	539

55. In my judgment, <u>managerial pay is directly linked to managerial performance</u> in County Government	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
	.7%	8.7%	9.6%	39.1%	37.5%	4.4%	542

56. In my judgment, <u>managerial non-pay recognition rewards are directly linked to managerial performance</u> in County Government	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
	.6%	9.4%	20%	30.5%	25.9%	13.7%	541

57. In concept, the current managerial incentive plan is well-suited to motivating high performance by managers in County

Government Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
0%	11.9%	6.8%	34.7%	43.8%	2.8%	544

58. In concept, the current managerial incentive plan is well-suited to motivating high performance by managers in my

Department Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
0%	12.7%	8.3%	31.2%	45.6%	2.2%	544

59. In practice, the current managerial incentive plan is well-suited to motivating high performance by managers in County

Government Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
0%	3.3%	5.3%	33.5%	53.3%	4.6%	544

60. In practice, the current managerial incentive plan is well-suited to motivating high performance by managers in my

Department Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
0%	3.1%	6.8%	31.6%	56.2%	2.2%	544

Section 2 – Management Skills

61. Generally speaking, the skill levels of managers in County Government are well suited to accomplishing County goals

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
9%	56.2%	12.5%	10.1%	1.6%	10.6%	546

62. The skill levels of managers in my Department are well suited to accomplishing Department goals

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
27.3%	54.9%	6.2%	9.3%	1.1%	1.1%	546

63. Generally speaking, the management skill mix in County Government is well suited to accomplishing County goals

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
7.4%	47.5%	19.5%	10.3%	1.5%	13.8%	543

64. The management skill mix in my Department is well suited to accomplishing Department goals

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
23.3%	55%	8.8%	10.7%	1.3%	.9%	544

65. Generally speaking, managers in County Government clearly understand their roles

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
4.9%	45.6%	17.9%	15.8%	3.1%	12.6%	546

66. Managers in my Department clearly understand their roles

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
19.6%	54.4%	9.5%	12.5%	2.4%	1.6%	546

67. Generally speaking, managers in County Government fulfill their roles well

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
6.8%	45.4%	21.6%	9.7%	1.5%	15%	546

68. Managers in my Department <u>fulfill</u> their roles well	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
	21.8%	53.9%	12.1%	9.4%	1.7%	1.1%	545

69. Generally speaking, the <u>functional responsibilities</u> of managers in County Government are too broad	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
	2.9%	22.8%	28.7%	22.8%	1.7%	21%	543

70. The <u>functional responsibilities</u> of managers in my Department are too broad	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
	7.2%	27.1%	20.4%	40.3%	2.6%	2.4%	539

71. Generally speaking, the <u>amount of training</u> provided to managers in County Government is adequate	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
	.6%	27.2%	15%	37.4%	12.3%	7.5%	545

72. Generally speaking, the <u>quality of training</u> provided to managers in County Government is adequate	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
	1.5%	30.6%	19.8%	30.5%	10.6%	7%	545

Section 3 – Management Performance Assessment

73. Generally speaking, management <u>performance</u> in County Government is good	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
	4%	57.4%	17.5%	5.1%	2.8%	13.2%	544

74. Management <u>performance</u> in my Department is strong	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
	21.7%	55.1%	10.7%	8.6%	2%	1.8%	544

75. In <u>concept</u> , the current management performance <u>plan</u> is well-suited to assessing management performance in County Government	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
	.4%	14.9%	12.1%	37.6%	30.1%	5%	545

76. In <u>concept</u> , the current management performance <u>plan</u> is well-suited to assessing management performance in my Department	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
	1.1%	15.6%	11.9%	37.7%	32.2%	1.5%	546

77. In <u>practice</u> , the current management performance <u>plan</u> does a good job of assessing management performance in County Government	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
	.2%	4%	8.5%	42.1%	34.6%	10.7%	544

78. In <u>practice</u> , the current management performance <u>plan</u> does a good job of assessing management performance in my Department	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
	.6%	7.9%	8.6%	42.8%	36.9%	3.3%	545

79. Management performance assessment <u>results</u> are properly used to determine <u>pay/rewards</u> for managers in County Government	Strongly Agree	Agree	Neither Agree	Disagree	Strongly	Don't Know	

Agree		nor Disagree		Disagree		
.2%	4%	11.6%	29.5%	38.2%	16.5%	545

80. Management performance assessment results are properly used to determine pay/rewards for managers in my Department

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
.6%	10.8%	11.2%	31.8%	39%	6.6%	544

81. Management performance assessment results are properly used to determine additional training/ development for managers in County Government

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
.2%	3.1%	15.2%	32.1%	23.1%	26.2%	545

82. Management performance assessment results are properly used to determine additional training/ development for managers in my Department

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
1.1%	8.8%	17.6%	34.7%	23.2%	14.5%	544

83. In your judgment, which of the following should provide performance assessments of managers in County Government?
(Check "yes" or "no" for each category.)

a) A Manager's Boss	Yes	98.1%	No	1.9%	540
f) Manager's Peers	Yes	40.3%	No	59.7%	524
g) A Manager's Subordinates	Yes	52%	No	48%	519
h) The Manager (Self-Assessment)	Yes	75.9%	No	24.1%	532
i) Citizens (Clients/"Customers")	Yes	45.2%	No	54.8%	515

84. In your judgment, which of the following should provide performance assessments of managers in your Department?
(Check “yes” or “no” for each category.)

f) A Manager’s Boss	Yes	98.7%	No	1.3%	543
g) Manager’s Peers	Yes	41.1%	No	58.9%	523
h) Manager’s Subordinates	Yes	52.6%	No	47.4%	251
i) The Manager (Self-Assessment)	Yes	77.1%	No	22.9%	532
j) Citizens (Clients/”Customers”)	Yes	41.2%	No	58.8%	512

Section 4 – County Structure and Staffing

85. The number of management levels in County Government is about right

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don’t Know	
1.1%	31.2%	24.1%	16.9%	5.1%	21.5%	544

86. The number of management levels in my Department is about right

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don’t Know	
1.7%	51.8%	11.9%	24.8%	7.2%	2.6%	544

87. Management decision-making in County Government generally follows the chain of command

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don’t Know	
6.4%	55.7%	13.1%	7.4%	2%	15.4%	544

88. Management decision-making in my Department generally follows the chain of command

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
13.4%	68.3%	8.4%	7.3%	2.2%	.4%	545

89. The management span of control, that is, the number of employees reporting to a manager in County Government is about right

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
1.1%	23.3%	25%	17.6%	5.5%	27.5%	545

90. The management span of control in my Department is about right

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
1.8%	51.8%	13.5%	24.4%	6.6%	1.8%	542

46. Generally speaking, the quality of management decisions made in County Government is high

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
3.9%	44.3%	23.2%	11.8%	3.3%	13.5%	542

47. The quality of management decisions made in my Department is high

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
16.7%	57.2%	14.5%	8.1%	2.4%	1.1%	544

48. Generally speaking, management decision-making in County Government is too slow

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
17.9%	40.7%	20.1%	11.8%	.7%	8.8%	543

49. Management decision-making in my Department is too slow

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Don't Know	
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9.2%

28.9%

20.6%

35%

5.5%

.74%

543